

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 IO-13 OMB-01 CU-02 ACDA-07 OES-06  
DLOS-09 DHA-02 EB-08 TRSE-00 /115 W  
-----141203Z 066696 /17

R 140800Z APR 77  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 4500  
INFO CINCPAC  
USLO PEKING  
AMEMBASSY MOSCOW  
AMEMBASSY SINGAPORE  
AMEMBASSY TAIPEI  
AMEMBASSY TOKYO

C O N F I D E N T I A L HONG KONG 4199

CINCPAC FOR POLAD

E.O. 11652: GDS  
TAGS: PINT PFOR CH  
SUBJECT: CHINA HIGHLIGHTS NO 6.

### 1. PEKING ACCENTUATES THE POSITIVE

THE RECENT FAILURE OF THE SALT TALKS AS WELL AS US AND JAPANESE DIFFICULTIES WITH THE SOVIETS ON FISHING RIGHTS HAVE BEEN HIGHLIGHTED IN SEVERAL PRC AND HONG KONG MEDIA COMMENTARIES CONTRASTING SOVIET AND CHINESE RELATIONS WITH WASHINGTON AND TOKYO. CHINA IS PORTRAYED AS BEING REASONABLE AND FREINDLY, HINTING STRONGLY THAT THE US AND JAPAN, HAVING BECOME CONVINCED OF SOVIET INTRACTABILITY, SHOULD NOW MOVE TOWARDS RESOLVING OUTSTANDING ISSUES WITH PEKING. THE SECRETARY'S MEETING WITH HUANG CHEN AND CHIP CARTER'S VISIT TO PEKING ARE SEEN IN THE LOCAL MEDIA AS INDICATIONS THAT THE US IS NOW MORE  
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INTERESTED IN RELATIONS WITH THE PRC.

### 2. SIX MONTHS AFTER THE FALL--STILL PROBLEMS

TWO PEOPLE'S DAILY EDITORIALS ON APRIL 11 AND 13 MARKED THE COMPLETION OF THE FIRST SIX MONTHS SINCE THE FALL OF THE "GANG OF FOUR" AND CLEARLY INDICATED THAT THE CAMPAIGN

AGAINST THEM CONTINUES ON SCHEDULE. THE EDITORIALS AFFIRMED AS CORRECT ALL DECISIONS AND POLICIES ADOPTED SINCE THE PURGE AND FORECAST A BRIGHT FUTURE FOR CHINA'S ECONOMIC AND POLITICAL PROGRAMS. THE TWO ARTICLES ALSO SERVED TO INTRODUCE A NEW STAGE IN THE CAMPAIGN AGAINST THE GANG, CALLING FOR A THOROUGH CRITICISM OF THEIR ACTIVITIES IN THE POLITICAL ECONOMIC AND SOCIAL SPHERES. NONETHLESS, THE GLOWING PICTURE OF SUCCESS AND THE CALLS FOR A NEW UPSURGE IN PRODUCTION APPEARED TO MASK PROBLEMS. THE REGIME FIRST WARNED ABOUT SECTARIANISM AND MOUNTAIN-TOPISM IN THE MILITARY AND THEN PRAISED THE PLA FOR SMASHING THE "GANG" AND CREATING THE CURRENT STABLE SITUATION. AFTER ACKNOWLEDGING THAT ECONOMIC DIFFICULTIES STILL HAD TO BE FACED, THE REGIME ALSO CALLED FOR GETTING BACK TO PREVIOUS PRODUCTION HIGHS AND FOR MAKING BIG PROGRESS WITHIN THREE YEARS.

### 3. SPRING CANTON FAIR OPENS

CHINA'S BIENNIAL CANTON TRADE FAIR OPENS APRIL 15 AMIDST INDICATIONS THAT TRADE ACTIVITY MAY BE MORE SUBDUED THAN USUAL AT THE SPRING FAIR, SINCE LAST FALL, CHINESE TRADE OFFICIALS REPEATEDLY HAVE TOLD VISITORS THAT A MAJOR EXPANSION OF TRADE IS NOT EXPECTED UNTIL 1978 AT THE EARLIEST. ADDITIONAL FACTORS INCLUDE THE POOR ECONOMIC PERFORMANCE IN GENERAL IN 1976 COUPLED WITH PROCUREMENT PROBLEMS THE GOVERNMENT EXPERIENCED WITH LAST FALL'S HARVEST, BOTH OF WHICH WILL ACT TO LIMIT PRC AVAILABILITIES, ESPECIALLY OF FOODSTUFFS. FAIR OFFICIALS, HOWEVER, WILL BE UNDER PRESSURE TO ACHIEVE RESULTS AT LEAST AS GOOD AS AT THE CONFIDENTIAL

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SPRING FAIR LAST YEAR, WHICH MAY LEAD TO THEIR ADOPTING A MORE FLEXIBLE MARKETING APPROACH THAN SEEN IN THE PAST. PRC PURCHASES MAY ALSO BE UP OVER RECENT FAIRS, PARTICULARLY IF THERE IS PRESSURE TO REACH A TARGET FOR OVERALL VOLUME OF TRANSACTIONS.  
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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL SUMMARIES, SALT (ARMS CONTROL), FISHING AGREEMENTS, ECONOMIC TRENDS, TRADE FAIRS  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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